

# **BANKING OMBUDSMAN SCHEME**

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The Banking Ombudsman Scheme enables an expeditious and inexpensive forum to Bank customers for resolution of complaints relating to certain services rendered by banks. The Banking Ombudsman Scheme is introduced under Section 35 A of the Banking Regulation Act, 1949.

## **Salient features of the scheme -**

1. The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services.
2. As on date, fifteen Banking Ombudsmen have been appointed with their offices located mostly in state capitals. For Maharashtra & Goa Ombudsman office is situated at Reserve Bank of India Mumbai Regional Office, Garment House, Ground Floor, Dr. A. B. Road, Worli, Mumbai. 400 018.
3. All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.
4. Grounds of complaints -

The Banking Ombudsman can receive and consider any complaint relating to the following deficiency in banking services (including internet banking) -

- Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc.;
- Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose, and for charging of commission in respect thereof;
- Non-acceptance, without sufficient cause, of coins tendered and for charging of commission in respect thereof;
- Non-payment or delay in payment of inward remittances ;
- Failure to issue or delay in issue of drafts, pay orders or bankers' cheques;
- Non-adherence to prescribed working hours ;
- Failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents;
- Delays, non-credit of proceeds to parties accounts, non-payment of deposit or non-observance of the Reserve Bank directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with a Bank ;
- Complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank-related matters;
- Refusal to open deposit accounts without any valid reason for refusal;
- Levying of charges without adequate prior notice to the customer;
- Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card operations or credit card operations;

- Non-disbursement or delay in disbursement of pension (to the extent the grievance can be attributed to the action on the part of the bank concerned, but not with regard to its employees);
- Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government;
- Refusal to issue or delay in issuing, or failure to service or delay in servicing or redemption of Government securities;
- Forced closure of deposit accounts without due notice or without sufficient reason;
- Refusal to close or delay in closing the accounts;
- Non-adherence to the fair practices code as adopted by the bank or non-adherence to the provisions of the Code of Bank's Commitments to Customers issued by Banking Codes and Standards Board of India and as adopted by the bank ;
- Non-observance of Reserve Bank guidelines on engagement of recovery agents by banks; and
- Any other matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services.

A customer can also lodge a complaint on the following grounds of deficiency in service with respect to loans and advances

- Non-observance of Reserve Bank Directives on interest rates;
- Delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications;
- Non-acceptance of application for loans without furnishing valid reasons to the applicant; and
- Non-adherence to the provisions of the fair practices code for lenders as adopted by the bank or Code of Bank's Commitment to Customers, as the case may be;
- Non-observance of any other direction or instruction of the Reserve Bank as may be specified by the Reserve Bank for this purpose from time to time.
- The Banking Ombudsman may also deal with such other matter as may be specified by the Reserve Bank from time to time.

5. When complaint can be filed ?

One can file a complaint before the Banking Ombudsman if the reply is not received from the bank within a period of one month after the bank concerned has received one's representation, or the bank rejects the complaint, or if the complainant is not satisfied with the reply given by the bank

6. When complaint not be considered by the Ombudsman ?

One's complaint will not be considered if:

- a. One has not approached his bank for redressal of his grievance first.
- b. One has not made the complaint within one year from the date one has received the reply of the bank or if no reply is received if it is more than one year and one month from the date of representation to the bank.

- c. The subject matter of the complaint is pending for disposal / has already been dealt with at any other forum like court of law, consumer court etc.
- d. Frivolous or vexatious.
- e. The institution complained against is not covered under the scheme.
- f. The subject matter of the complaint is not within the ambit of the Banking Ombudsman.
- g. If the complaint is for the same subject matter that was settled through the office of the Banking Ombudsman in any previous proceedings.

7. Procedure for filing the complaint before the Banking Ombudsman -

One can file a complaint with the Banking Ombudsman simply by writing on a plain paper. One can also file it online, or by sending an email to the Banking Ombudsman. There is a form along with details of the scheme in their website. However, it is not necessary to use this format.

8. Where can one lodge his/her complaint -

One may lodge his/ her complaint at the office of the Banking Ombudsman under whose jurisdiction, the bank branch complained against is situated.

For complaints relating to credit cards and other types of services with centralized operations, complaints may be filed before the Banking Ombudsman within whose territorial jurisdiction the billing address of the customer is located.

9. Complaint Can be filed by one s authorized representative -

Yes. The complainant can be filed by one s authorized representative (other than an advocate).

10. Is there any cost involved in filing complaints with Banking Ombudsman -

No. The Banking Ombudsman does not charge any fee for filing and resolving customers' complaints.

11. Limit on the amount of compensation as specified in an award -

The amount, if any, to be paid by the bank to the complainant by way of compensation for any loss suffered by the complainant is limited to the amount arising directly out of the act or omission of the bank or Rs 10 lakhs, whichever is lower.

12. Compensation can be claimed for mental agony and harassment -

The Banking Ombudsman may award compensation not exceeding Rs 1 lakh to the complainant only in the case of complaints relating to credit card operations for mental agony and harassment. The Banking Ombudsman will take into account the loss of the complainant s time, expenses incurred by the complainant, harassment and mental anguish suffered by the complainant while passing such award.

13. Details required in the application -

The complaint should have the name and address of the complainant, the name and address of the branch or office of the bank against which the complaint is made, facts giving rise to the complaint supported by documents, if any, the nature and extent of the loss caused to the complainant, the relief sought from the Banking Ombudsman and a declaration about the compliance of conditions which are required to be complied with by the complainant.

The Banking Ombudsman endeavors to promote, through conciliation or mediation, a settlement of the complaint by agreement between the complainant and the bank named in the complaint. If the terms of settlement (offered by the bank) are acceptable to one in full and final settlement of one's complaint, the Banking Ombudsman will pass an order as per the terms of settlement which becomes binding on the bank and the complainant.

14. Banking Ombudsman can reject a complaint at any stage on following grounds -

The Banking Ombudsman may reject a complaint at any stage if it appears to him that a complaint made to him is -

- Not on the grounds of complaint referred to above
- Compensation sought from the Banking Ombudsman is beyond Rs 10 lakh.
- Requires consideration of elaborate documentary and oral evidence and the proceedings before the Banking Ombudsman are not appropriate for adjudication of such complaint
- Without any sufficient cause
- That it is not pursued by the complainant with reasonable diligence
- In the opinion of the Banking Ombudsman there is no loss or damage or inconvenience caused to the complainant.

15. Settlement of complaints -

If a complaint is not settled by an agreement within a period of one month, the Banking Ombudsman proceeds further to pass an award. Before passing an award, the Banking Ombudsman provides reasonable opportunity to the complainant and the bank, to present their case. It is up to the complainant to accept the award in full and final settlement of your complaint or to reject it.

If one is not satisfied with the decision passed by the Banking Ombudsman, one can approach the appellate authority against the Banking Ombudsman's decision. Appellate Authority is vested with a Deputy Governor of the RBI. The bank also has the option to file an appeal before the appellate authority under the scheme.

16. Time limit for filing an appeal before appellate authority -

If one is aggrieved by the decision, one may, within 30 days of the date of receipt of the award, appeal against the award before the appellate authority. The appellate authority may, if he/ she is satisfied that the applicant had sufficient cause for not making an application for appeal within time, also allow a further period not exceeding 30 days.

17. How does the appellate authority deal with the appeal -

The appellate authority may -

- i. dismiss the appeal; or
- ii. allow the appeal and set aside the award; or
- iii. send the matter to the Banking Ombudsman for fresh disposal in accordance with such directions as the appellate authority may consider necessary or proper; or
- iv. modify the award and pass such directions as may be necessary to give effect to the modified award; or
- v. pass any other order as it may deem fit.